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CENTRAL INTELLIGENCE AGENCY
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COMMUNIST PROPOSALS ON KOREA FORM PART OF NEW
SOVIET CONCILIATORY APPROACH

*orig text for
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Chinese Communist Premier Chou En-lai's 30 March proposal on the disposition of Korean POW's came only four days after his return from Moscow, and Soviet spokesmen were quick to endorse the proposal both privately and publicly. Evidence is convincing that the Communist position in the Korean war continues to be based on Sino-Soviet consultation and joint decisions, and suggests that the recent proposals are part of a new Soviet tactical approach toward achieving its basic cold war objectives.

*Not enough
on peace
offensive
Internal
Soviet*

These objectives are (1) to break up the coalition of Western and Far Eastern nations opposing further Communist expansion and capable of exerting pressures on the Orbit, and (2) to build up the power of the Soviet bloc. In furtherance of these objectives, the Kremlin encouraged America's allies and neutral nations to bring pressure to bear on the United States for concessions to Soviet demands.

The current shift in tactics probably springs from a Soviet recognition that the stalemate on all major East-West issues and particularly that in Korea has not been serving its objectives and that new Communist military ventures might lead to global hostilities.

Accordingly, the USSR seems to be adopting a more conciliatory position in order to obtain new negotiations on various

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outstanding East-West issues. The new regime's "peace" tactic, in contrast to "peace offensives" during Stalin's tenure, has already been backed up by minor concessions and extends to an unprecedented number of issues. The Kremlin may await the outcome of its hints of willingness to settle some issues, and then only make such concessions as are necessary to break the East-West stalemate, to interfere with Western defense efforts, and to aggravate the economic problems of the Western world.

These moves probably also stem in part from a desire of the Malenkov regime to consolidate its position both in the Orbit and inside the USSR. The vindication of the doctors implicated earlier in a murder conspiracy, the subdued vigilance campaign, the amnesty decree and the price reductions -- all seem intended to prove the liberality of the new leaders, to increase the regime's stock at home and to build up morale.

There is as yet no firm evidence that these tactics are a reflection of the regime's basic weakness or of dissension among the leaders. However, small bits of information and suggestive events together with the Kremlin's traditional emphasis on security and secrecy encourage speculation that an internal power struggle may be at least partially responsible.

A secondary factor in the Kremlin's decision to make concessions on the POW issue may have been the increasing drain on the Soviet economy of supplying military equipment for the Korean war and expanded industrial aid in support of the Chinese Five Year Construction Plan. A study of ordnance equipment captured from the Chinese in Korea indicates that less than 3 percent is of Chinese manufacture, the remainder being of Soviet origin.

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During the past two years the USSR has substantially expanded its industrial aid to China and it is believed that Peiping has been pressing for further agreements for large-scale additional Soviet assistance to specific industries. A considerable part of the additional equipment which China would require for its Five Year Plan is in limited supply throughout the Soviet Orbit.

Thus there are a number of possible explanations underlying the Sino-Soviet initiative for peace in Korea. Chou's proposal is a major departure from the previous Communist position in that it provides for the immediate repatriation of those POW's willing to return and for the transfer to a "neutral state" of those POW's unwilling to be repatriated.

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[REDACTED] Chou's statement was "the real thing" and that only "technicalities" now remain to be worked out. He also referred to a Malenkov-Eisenhower meeting and said that his government understands that "the Americans may wish Churchill to attend and perhaps also the French." In reply to a question about the agenda he stated that Korea is "not the only hot spot in the world" and suggested that bilateral talks, which are potentially of the greatest importance, might include control of atomic energy and disarmament.

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[REDACTED] stated that the Chinese offer was "serious and sincere" and that only

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"details" remain.

Communist proposals to date, however, do not commit them to meet UN conditions regarding the timing of a cease-fire, nor do they define a "neutral state," nor make clear the disposition of POW's who remain unwilling to be repatriated after Communist "explanations" to them. The Communists continue to affirm their commitment to the principle of total repatriation. Moreover, they continue to insist that all POW's who have refused repatriation have done so only because of UN pressure on them.

The Communists thus may seek an immediate cease-fire without surrendering their total-repatriation principle. They may also attempt to designate as the "neutral state" one which would, sooner or later, return all of their POW's to them. They may try to obtain veto power in the body which is to process the POW's. Or they may seek a provision enabling them to make "explanations" to the POW's indefinitely. The UN commander in Korea has requested from the Communists clarification of such points in the form of detailed suggestions for implementing Chou's proposal.

Despite the many possible stumbling-blocks in Chou's proposal, most observers feel that it signifies a Communist intention eventually to forego the fact, if not the principle, of total repatriation. The Communists appear to believe that their "explanations" will induce a change of mind in the great majority of those prisoners unwilling to be repatriated. The Communists may well feel that they can accept and explain away the continued refusal of a few thousands of POW's.

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Molotov's statement endorsing the proposal suggests that the Communists may seek to transfer the truce talks from Panmunjom to the UN General Assembly and may again press for admission of Communist China and North Korea, to the UN. There is also the possibility of a Soviet or neutralist peace resolution in the UN couched in terms which, while failing to commit the Communists, would attract broad popular support and would place the United States in the apparent position of being unwilling to make peace.

Assuming Communist sincerity in the new proposal regarding Korea, the Communists may be expected to reassert their earlier demands for a general conference on Far Eastern questions. Both sides have agreed to recommend such a conference within 90 days of an armistice. The Communists would certainly attempt to raise, in such a conference, issues on which they know a wide difference of opinion to exist among Western and Asian non-Communist states. Among these issues are the presence of Western military forces in the Far East, Communist China's and North Korea's claims to seats in the UN, Peiping's assertion of sovereignty over Formosa, the growing strength of Japan, the wars in Indochina and Malaya, and the activity of Chinese Nationalist forces in Burma.

In such a conference, the Communists would strive to promote discord among anti-Soviet allies, to stimulate Western sentiment favoring disengagement from costly and indecisive Far Eastern conflicts, to fan anti-Western sentiment, and to capitalize on the still widespread ignorance of and apathy toward Communism in the Far East.

The prospect of an armistice in Korea has evoked varying responses in the Far East. In Korea, despite the protestations of both North and South Korean leaders that Korea should be unified at all costs, the great majority of the populace in both sections would undoubtedly welcome an armistice. Moreover, the South Korean Foreign Minister approached the American Ambassador on 3 April to raise the subject of a bilateral defense pact with the United States, possibly as a price for agreeing to an armistice that would leave Korea divided. North Korea is probably seeking a similar arrangement with Moscow or Peiping.

The Chinese Nationalists are disturbed by the possibility that recent developments will lead to an over-all discussion of Far East problems, including the status of Formosa and the two Chinese governments. They fear that an armistice might lead to the withdrawal of American protection from Formosa, free seasoned Communist troops from Korea for operations elsewhere, and end their hopes for returning to the mainland with American support.

In Japan, there is apprehension that the end of military procurement for the Korean war will drastically affect the Japanese economy. The Japanese Government believes that Soviet strategy is based on causing Japan's economic collapse as the result of the unfavorable situation following the removal of American troops, and does not look for favorable overtures from the Soviet Union as a result of the current peace campaign. A post-armistice conference might be used by the Communists, however, as a forum for conciliatory gestures toward Japan.

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In Southeast Asia, the latest phase of the Communist "peace offensive" has not yet led to any changes. For more than a year most of the Communist movements in this area have slackened their military activities, partly as a result of effective local counter-action but also, in accord with a regional Communist program which since mid-1951 has been placing greater emphasis on political than on military forms of action.

Indochina has remained the exception to this program. A Viet Minh offensive, for which preparations were completed over two weeks ago, has not yet been launched, but the French command expects the campaign to open in a few days. There is as yet no indication that the Viet Minh offensive will be postponed as a result of the current "peace offensive," despite the logic of such a move.